

CERTIFIED MAIL

JUN 17 1991

St. Louis Appeals Office
133 South 11th Street, Suite 200
St. Louis, MO 63102

Employer Identification Number:
[REDACTED]

Form Number:

1120A

Tax Years:

12/31/87 and subsequent years

Key District:

Chicago

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Dear Sir and/or Madam:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason:

You were incorporated under the Nonprofit Corporation Laws of the State of [REDACTED] on [REDACTED]. The purpose or purposes for which the corporation was organized are charitable, religious and educational purposes including for such purposes to combat community deterioration and juvenile delinquency by promoting and distributing literature, books and related materials which will promote moral uprightness, provide programs for young people which consist of wholesome activities, to make distributions to organizations that qualify as exempt organizations in Section 501(c)(3) of the Internal Revenue Code or a corresponding section of any future Federal tax code, to rent, buy and sell real estate for the sole purpose which is not in conflict with Section 501(c)(3) of the Internal Revenue Code or corresponding provision of any future Federal tax code.

Section 1.501(c)(3)-1(b)(2)(v) of the Income Tax Regulations provides that an organization must, in order to establish exemption, submit a detailed statement of its proposed activities with and as a part of its application for exemption. Section 5.02 of Revenue Procedure 90-27 provides that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the requirements of the section under which exemption is claimed.

Because you were unable to provide sufficient information as to exactly how your organization will operate, exemption under IRC section 501(c)(3) cannot be granted in advance of operations.

Contributions to your organization are not deductible under Code section 170.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
Date	10-5-91	10/5	6/10	6/11/91			

[REDACTED]

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

[REDACTED]
Associate Chief
St. Louis Appeals Office

[REDACTED]

Refer Reply to:

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code							
Surname							

[REDACTED]

In a developmental letter dated [REDACTED] you were informed that the description of your planned activities was not detailed enough to make a determination that your organization is described in section 501(c)(3) as a charitable organization. Your organization was asked to describe each activity separately and indicate when, where and by whom the activity would be conducted. Copies of any pamphlets, brochures or newsletters which described your organization were to be submitted. Information on the charges, fees, and the basis of these charges was requested. Information was requested as to who would write the books, who would publish them, the relationship of these persons to the organization and the disposition of royalties and income earned by the organization in the sale of books and related materials. Copies of any contractual agreements entered into by the organization were to be sent.

In response to this letter, you submitted information as follows: The recreational facilities you wish to build for young people are a roller rink, a bowling alley and coffeehouse type restaurant. However, you do not indicate when these plans will become a reality since you state that, "Essentially we are working on attaining our not-for-profit tax-exempt status and beginning to write some tracts."

Your organization has stated that with regard to these proposed activities "we are not sure" as to how, where, and by whom the activities will be conducted. Although you stated on page 1 of Form 1023 that the sale of books and related materials may constitute a source of income for the organization, you now state that you will attempt to distribute the literature free of charge. You do not explain at all what the structure of fees and charges will be for the public to utilize your proposed recreational facilities.

Your organization can provide no brochures, pamphlets, newsletters, advertisements or any other literature which describes either the actual or the proposed activities of your organization at this time. You state that you "do not know what the cost of publishing tracts, pamphlets or books will be." Your organization has entered into no contractual agreements with anyone to do any writings, build any facilities, manage any facilities, etc.

Section 501(c)(3) of the Code provides for the exemption from Federal Income Tax of corporations organized and operated exclusively for religious, charitable, literary, scientific, and educational purposes; no part of the net earnings of which inures to any private shareholder or individual.

Section 1.501(c)(3)-1 of the Tax Regulations relates to the definition of the organization and operation of organizations described in Section 501(c)(3). It is quoted, in part, as follows:

"(a) Organizational and operational tests. (1) In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. (2) The term "exempt purpose or purposes", as used in this section, means any purpose or purposes specified in Section 501(c)(3)..."

"(b) Operational test. (1) Primary activities. An organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. (2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals..."

Section 1.501(c)(3)-1(a) of the Income Tax Regulations provides that in order to be exempt as an organization described in Section 501(c)(3), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. If an organization fails to meet either organizational or the operational test it is not exempt.

Section 1.501(c)(3)-1(e)(1) of the Income Tax Regulations provides that "an organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

[REDACTED]

We also wish to direct your attention to Revenue Procedure 84-46, 1984-1 C.B. 541, which reads, in part, as follows: "Section 5. Exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned for carrying out the activities; the anticipated sources of receipts; and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a ruling, or determination letter will be considered an adverse determination from which administrative appeal rights will be afforded..."

Since your organization has been unable to provide a concrete, detailed description of your proposed activities, funding and expenses, this office is unable to make a determination as to your qualifications as an organization described in Section 501(c)(3) of the Internal Revenue Code. Under the authority of the above mentioned revenue procedure, it is held that a record of actual operations will be required before a ruling or determination will be issued.

Accordingly, we have concluded that you are not entitled to recognition of exemption from Federal Income Tax under Section 501(c)(3) of the Code, since you are not organized and operated exclusively for charitable, religious, or other exempt purposes within the meaning of Section 501(c)(3).

You are required to file Federal Income Tax Returns.

Contributions made to you are not deductible by the donors as charitable contributions as defined in Section 170(c) of the Code.

[REDACTED]

If you do not agree with these conclusions, you may within thirty days from the date of this letter, file a brief of the facts, law and argument (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service".

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final. In accordance with Code Section 6104(c), we will notify the appropriate state officials of this action.

Very truly yours,

[REDACTED]
District Director

Enclosures:
Publication 892
Form 6018

Form **6018**
(Rev. August 1983)

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare In
Duplicate

Case Number

Date of Latest Determination Letter

Employer Identification Number

Date of Proposed Adverse Action Letter

DEC 28 1988

Name and Address of Organization

I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc. applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- ☒ Denial of exemption
- ☐ Revocation of exemption, effective
- ☐ Modification of exempt status from section 501(c)() to 501(c)(), effective
- ☐ Classification as a private foundation (section 509(a)), effective
- ☐ Classification as a non-operating foundation (section 4942(j)(3)), effective
- ☐ Classification as an organization described in section 509(a)(), effective
- ☐ Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization

Signature and Title

Date

Signature and Title

Date